



*Steven Grossman*  
*Treasurer and Receiver General*

*The Commonwealth of Massachusetts*  
*Department of the State Treasurer*  
*State House*  
*Boston, Massachusetts 02133*

November 20, 2012

Senator Max Baucus  
Chairman  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510-6200

Dear Senator Baucus,

As both State Treasurer and a small businessman, I am urging you to support, and your committee to approve, federal enabling legislation such as the Enzi-Durbin bill to allow states to implement uniform Internet sales tax laws.

This is not simply a revenue issue – although in the current fiscal situation when significant cuts in federal aid are anticipated, states face grave revenue shortfalls – it is a matter of fairness and equity to Main Street businesses. Local retailers and other merchants should not have to compete with online sales giants that do not have to collect state and local sales taxes.

It is simply contrary to sound public policy to penalize companies that actually invest in a brick-and-mortar presence in a community. There are more than 500,000 retail jobs in the Commonwealth of Massachusetts, and they are threatened by this lack of a level playing field. It also is unfair, for that matter, to large Internet sellers such as Staples or Apple, who invested in retail stores in Massachusetts and thus must charge sales taxes while their competitors don't.

I am enclosing a copy of an op-ed piece I wrote for *The Boston Globe* in which I discussed purposes to which Internet sales tax revenues could be applied. At the time I wrote it, I relied on figures from the Massachusetts Retailers Association that estimated the annual revenue loss to the Commonwealth at \$335 million.

Since the article appeared, the Massachusetts Main Street Fairness Coalition (an alliance that includes local officials and merchants) commissioned Cape Ann Economics, a respected research firm, to do a further study. They concluded that Massachusetts could have collected \$387 million of additional sales tax revenues in 2011 if it had the ability to tax Internet and other remote sellers. Moreover, the researchers projected that the lost sales tax revenues will double to \$783 million by 2020.

While some states are seeking to unilaterally impose sales taxes without waiting for action in Washington, their legality under Supreme Court decisions is unclear. In any case, my background in business makes me very wary of a patchwork of rules in different states – particularly since the definition of “small business” is one of the items under discussion. Accordingly, federal legislation also makes sound business sense.

I hope you and the Senate Finance Committee will move forward on this important matter. If I can provide you with any further information or other assistance, please do not hesitate to contact me.

Best personal regards,



Steven Grossman  
Treasurer and Receiver General  
Commonwealth of Massachusetts

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cc: Governor Deval Patrick  
Senator John Kerry  
Senator Scott Brown  
Senator-Elect Elizabeth Warren  
Senate President Therese Murray  
Speaker of the House Robert A. DeLeo  
Senate Ways and Means Chair Stephen M. Brewer  
House Ways and Means Chair Brian S. Dempsey  
Senator Katherine Clark, Senate Chair, Joint Committee on Revenue  
Representative Jay Kaufman, House Chair, Joint Committee on Revenue